

UNIFIED SCHOOL DISTRICT NO. 329
MILL CREEK VALLEY
Alma, Kansas

STATUTORY BASIS FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

Year Ended June 30, 2011

ALDRICH AND COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS
COUNCIL GROVE, KANSAS

Unified School District No. 329
Mill Creek Valley
Alma, Kansas

STATUTORY BASIS FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

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Unified School District No. 329
Mill Creek Valley
Alma, Kansas

STATUTORY BASIS FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

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ALDRICH & COMPANY, LLC

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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Education
Unified School District No. 329
Mill Creek Valley
Alma, KS 66401

We have audited the accompanying financial statements of Unified School District No. 329, Mill Creek Valley, Alma, Kansas as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of Unified School District No. 329, Alma, Kansas management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from the District's June 30, 2010 financial statements and, in our report dated September 8, 2010, we expressed an unqualified opinion on the respective financial statements, taken as a whole, on the statutory basis of accounting.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidance in the Kansas Municipal Audit Guide. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, USD 329 has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the differences between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 329, Mill Creek Valley, Alma, Kansas, as of June 30, 2011, the changes in its financial position, or where applicable, its cash flows for the year then ended. Further, the Unified School District No. 329, Mill Creek Valley, Alma, Kansas has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Unified School District No. 329, Mill Creek Valley, Alma, Kansas, as of June 30, 2011, and its cash receipts and expenditures, and budget to actual comparisons for the year then ended, taken as a whole, on the basis of accounting described in Note 2.

Aldrich & Company, LLC

ALDRICH AND COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

August 29, 2011

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 1

Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Fiscal Year Ended June 30, 2011

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ (310,151)		\$ 3,821,443	\$ 3,768,948	\$ (257,656)		\$ (257,656)
Supplemental General	(23,202)		1,283,656	1,218,226	42,228		42,228
Special Revenue Funds							
Capital Outlay	563,111		265,829	218,335	610,605		610,605
Vocational Education	0		178,392	178,392	0		0
Special Education	623,347		703,065	632,876	693,536		693,536
Food Service	73,887		224,009	221,268	76,628		76,628
Drivers Education	38,532		18,734	8,864	48,402		48,402
Staff Development	88,743		33,386	14,820	107,309		107,309
Extraordinary School Program	2,674		10,681	8,646	4,709		4,709
KPERs Retirement Contributions	(105,244)		286,390	181,146	0		0
At-Risk (K-12)	0		155,868	155,868	0		0
Student Materials	12,120		4,152	5,161	11,111		11,111
Textbook Rental	16,404		17,538	10,017	23,925		23,925
Summer Insurance	0		9,230	9,230	0		0
Contingency Reserve	222,177		0	100,240	121,937		121,937
Title I	0		63,630	63,630	0		0
Title II D Education Technology	0		171	171	0		0
Title II A Teacher Quality	0		21,412	21,412	0		0
Title VI Reap	0		34,971	34,971	0		0
Grants	1,553		16,896	16,575	1,874		1,874
District Activity Funds	64,961		113,016	121,859	56,118		56,118
Debt Service Funds							
Bond and Interest	956,121		594,019	546,110	1,004,030		1,004,030
Fiduciary Funds							
Private Purpose Trust Funds	78	0	345	25	398	0	398
Total Reporting Entity (excluding agency funds)	<u>\$ 2,225,111</u>	<u>\$ 0</u>	<u>\$ 7,856,833</u>	<u>\$ 7,536,790</u>	<u>\$ 2,545,154</u>	<u>\$ 0</u>	<u>\$ 2,545,154</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 1

Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Fiscal Year Ended June 30, 2011

Composition of Cash:

Stockgrowers State Bank, Maple Hill, Kansas	
District Payroll N.O.W.	\$ 10,112
District M.M.A.	2,470,948
District Petty Cash Account	1,475
Food Service Petty Cash Account	350
Wabaunsee High School Activity Fund	62,092
Mill Creek Valley Jr. High & Middle School Activity Fund	12,666
Alma Grade School Activity Fund	6,200
Maple Hill Grade School Activity Fund	2,268
First National Bank of Wamego, Alma, Kansas	
District N.O.W.	3,978
Cash on Hand - Supt.	<u>25</u>
Total Cash	2,570,114
Agency Funds per Statement 4	<u>(24,960)</u>
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 2,545,154</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 2

Summary of Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2011

Governmental Type Funds	Certified Budget	Adjustments to Comply with Legal Max	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
General Fund	\$ 3,882,814	\$ (224,947)	\$ 111,081	\$ 3,768,948	\$ 3,768,948	\$ 0
Supplemental General	1,251,607	(33,381)		1,218,226	1,218,226	0
Special Revenue Funds						
Capital Outlay	353,500			353,500	218,335	135,165
Vocational Education	200,000			200,000	178,392	21,608
Special Education	723,304			723,304	632,876	90,428
Food Service	281,500			281,500	221,268	60,232
Drivers Education	11,650			11,650	8,864	2,786
Staff Development	32,720			32,720	14,820	17,900
Extraordinary School Program	9,650			9,650	8,646	1,004
KPERS Retirement Contributions	245,158			245,158	181,146	64,012
At-Risk (K-12)	180,000			180,000	155,868	24,132
Debt Service Funds						
Bond and Interest	546,092			546,092	546,110	(18)

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-1

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

GENERAL FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
General Property Taxes	\$ 588,537	\$ 609,723	\$ 587,757	\$ 21,966
Intergovernmental Receipts				
State Equalization Aid	2,424,023	2,395,524	2,637,610	(242,086)
State Special Education Aid	483,891	528,246	593,154	(64,908)
ARRA Stabilization Funds	178,427	64,293	64,293	0
Education Job Funds	0	112,576	0	112,576
Reimbursements				
State Aid	800	0	0	0
Daycare	95,470	111,081	0	111,081
Miscellaneous	97	0	0	0
Total Cash Receipts	<u>3,771,245</u>	<u>3,821,443</u>	<u>3,882,814</u>	<u>(61,371)</u>
Expenditures				
Instruction				
Certified Salaries	1,101,248	1,015,567	1,399,460	383,893
ARRA Expenditures-Certified Salaries	178,427	64,293	0	(64,293)
Education Jobs Expenditures-Certified Salaries	0	112,576	0	(112,576)
Non-certified Salaries	9,541	9,811	9,500	(311)
Employee Benefits	322,526	346,345	330,000	(16,345)
Professional & Technical Services	1,648	0	0	0
Other Purchased Services	7,827	13,892	13,000	(892)
Teaching Supplies	59,377	57,787	64,000	6,213
Property & Equipment	1,041	2,087	0	(2,087)
Total Instruction	<u>1,681,635</u>	<u>1,622,358</u>	<u>1,815,960</u>	<u>193,602</u>
Student Support				
Certified Salaries	28,204	12,210	30,000	17,790
Employee Benefits	14,843	10,119	15,000	4,881
Professional & Technical Services	726	540	10,000	9,460
Other Purchased Services	4,542	4,481	500	(3,981)
Supplies	1,600	1,354	2,000	646
Total Student Support	<u>49,915</u>	<u>28,704</u>	<u>57,500</u>	<u>28,796</u>
Instructional Support				
Non-certified Salaries	82,403	79,480	85,000	5,520
Employee Benefits	9,984	9,974	14,000	4,026
Supplies	3,655	5,358	5,000	(358)
Property & Equipment	0	0	0	0
Total Instructional Support	<u>96,042</u>	<u>94,812</u>	<u>104,000</u>	<u>9,188</u>
Expenditures Subtotal	<u>\$ 1,827,592</u>	<u>\$ 1,745,874</u>	<u>\$ 1,977,460</u>	<u>\$ 231,586</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-1(cont'd)

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

GENERAL FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Expenditures Carried Forward	\$ 1,827,592	\$ 1,745,874	\$ 1,977,460	\$ 231,586
General Administration				
Certified Salaries	73,619	74,516	75,000	484
Non-certified Salaries	60,057	55,123	70,000	14,877
Employee Benefits	44,469	46,520	48,000	1,480
Professional & Technical Services	8,450	6,975	7,000	25
Other Purchased Services	13,556	11,709	11,500	(209)
Supplies	0	0	0	0
Other	1,866	1,167	1,000	(167)
Total General Administration	202,017	196,010	212,500	16,490
School Administration				
Certified Salaries	194,822	197,216	198,000	784
Non-certified Salaries	100,624	98,445	100,000	1,555
Employee Benefits	40,588	40,233	42,500	2,267
Other Purchased Services	1,637	2,671	1,600	(1,071)
Supplies	6,585	4,445	7,000	2,555
Other	0	0	0	0
Total School Administration	344,256	343,010	349,100	6,090
Other Supplemental Services				
Non-certified Salaries	9,600	9,715	120,000	110,285
Employee Benefits	651	645	0	(645)
Supplies	0	0	0	0
Total Central Services	10,251	10,360	120,000	109,640
Operation and Maintenance				
Non-certified Salaries	133,432	140,715	140,000	(715)
Employee Benefits	64,018	62,905	60,300	(2,605)
Purchased Property Services	28,771	57,285	23,000	(34,285)
Other Purchased Services	3,159	4,379	3,000	(1,379)
Supplies	40,732	39,606	35,000	(4,606)
Property & Equipment	0	0	0	0
Total Operation & Maintenance	270,112	304,890	261,300	(43,590)
Expenditures Subtotal	\$ 2,654,228	\$ 2,600,144	\$ 2,920,360	\$ 320,216

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-1(cont'd)

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

GENERAL FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Expenditures Carried Forward	\$ 2,654,228	\$ 2,600,144	\$ 2,920,360	\$ 320,216
Student Transportation				
Non-certified Salaries	136,427	137,380	142,000	4,620
Employee Benefits	11,151	16,632	17,300	668
Other Purchased Services	0	38	0	(38)
Supplies	0	857	0	(857)
Other	0	0	0	0
Total Student Transportation	147,578	154,907	159,300	4,393
Day Care	111,837	119,783	0	(119,783)
Fund Transfers				
Capital Outlay	121,271	210,000	0	(210,000)
Special Education	583,891	528,246	633,154	104,908
At-Risk	119,189	155,868	170,000	14,132
Driver Training	10,000	0	0	0
Vocational Education	25,000	0	0	0
Staff Develepment	10,000	0	0	0
Contingency Reserve	0	0	0	0
Total Fund Transfers	869,351	894,114	803,154	(90,960)
Adjustment to Comply with Legal Max Budget	0	0	(224,947)	(224,947)
Legal General Fund Budget	3,782,994	3,768,948	3,657,867	(111,081)
Adjustments for Qualifying Budget Credits	0	0	111,081	111,081
Total Expenditures	3,782,994	3,768,948	\$ 3,768,948	\$ 0
Receipts Over (Under) Expenditures	(11,749)	52,495		
Unencumbered Cash, July 1	(298,402)	(310,151)		
Unencumbered Cash, June 30	\$ (310,151)	\$ (257,656)		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-2

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

SUPPLEMENTAL GENERAL LOCAL OPTION BUDGET

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
General Property Taxes	\$ 836,355	\$ 898,743	\$ 860,706	\$ 38,037
Intergovernmental Receipts				
State Equalization Aid	214,529	384,913	346,019	38,894
ARRA Stabilization Funds	79,954	0	0	0
Reimbursements	13	0	0	0
Total Cash Receipts	<u>1,130,851</u>	<u>1,283,656</u>	<u>1,206,725</u>	<u>76,931</u>
Expenditures				
Instruction				
Technology Director	42,578	45,104	50,000	4,896
Certified Salaries	0	210,000	0	(210,000)
ARRA Expenditures-Salaries	79,954	0	0	0
Employee Benefits	14,303	16,562	22,000	5,438
Professional & Technical Services	87,585	79,177	90,000	10,823
Other Purchased Services	0	0	5,000	5,000
Supplies	20,351	35,984	35,000	(984)
Equipment & Software	14,063	1,630	30,000	28,370
Student Support				
Employee Benefits	317	1,740	0	(1,740)
Instructional Support				
Employee Benefits	528	480	1,000	520
Supplies	2,700	2,255	3,500	1,245
General Administrative				
Employee Benefits	423	384	500	116
Other Purchased Services	19,293	18,047	23,000	4,953
Supplies	34,956	40,078	0	(40,078)
Property & Equipment	0	0	30,000	30,000
School Administration				
Employee Benefits	1,375	1,248	1,400	152
Other Purchased Services	15,994	15,789	18,000	2,211
Operations & Maintenance				
Employee Benefits	5,254	4,770	6,000	1,230
Purchased Property Services	59,179	39,765	70,000	30,235
Other Purchased Services	37,301	35,808	42,000	6,192
Utilities	152,523	167,177	190,000	22,823
Property & Equipment	<u>375</u>	<u>250</u>	<u>500</u>	<u>250</u>
Expenditure Subtotal	<u>\$ 589,052</u>	<u>\$ 716,248</u>	<u>\$ 617,900</u>	<u>\$ (98,348)</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-2

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

SUPPLEMENTAL GENERAL LOCAL OPTION BUDGET

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Expenditures Carried Forward	\$ 589,052	\$ 716,248	\$ 617,900	\$ (98,348)
Student Transportation				
Employee Benefits	9,427	6,816	10,000	3,184
Other Purchased Services	6,360	4,291	8,000	3,709
Supplies	80,810	93,865	110,000	16,135
Other	2,505	3,795	2,000	(1,795)
Fund Transfers				
Special Education	243,147	174,819	253,707	78,888
Staff Development	30,000	30,000	10,000	(20,000)
Driver Education	0	10,000	0	(10,000)
Vocational Education	147,699	178,392	200,000	21,608
At-Risk	0	0	10,000	10,000
Food Service	15,000	0	30,000	30,000
Adjustment to Comply with Legal Max Budget	0	0	(33,381)	(33,381)
Total Expenditures	<u>1,124,000</u>	<u>1,218,226</u>	<u>\$ 1,218,226</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	6,851	65,430		
Unencumbered Cash, July 1	<u>(30,053)</u>	<u>(23,202)</u>		
Unencumbered Cash, June 30	<u>\$ (23,202)</u>	<u>\$ 42,228</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-3

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

CAPITAL OUTLAY FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
General Property Taxes	\$ 21,524	\$ 12,785	\$ 11,347	\$ 1,438
Interest on Idle Funds	27,380	21,446	30,000	(8,554)
Reimbursed Expenses	4,407	0	0	0
Miscellaneous Revenue	3,237	21,598	25,000	(3,402)
Transfers In	121,271	210,000	0	210,000
Total Cash Receipts	<u>177,819</u>	<u>265,829</u>	<u>66,347</u>	<u>199,482</u>
Expenditures				
Equipment	79,121	122,919	275,500	152,581
Land Acquisition	30,469	0	20,000	20,000
Land Improvements	43,390	35,787	8,000	(27,787)
Site Improvements	23,208	6,973	0	(6,973)
Building Improvements	23,091	52,656	50,000	(2,656)
Adjustments for Qualifying Budget Credits	0	0	0	0
Total Expenditures	<u>199,279</u>	<u>218,335</u>	<u>\$ 353,500</u>	<u>\$ 135,165</u>
Receipts Over (Under) Expenditures	(21,460)	47,494		
Unencumbered Cash, July 1	<u>584,571</u>	<u>563,111</u>		
Unencumbered Cash, June 30	<u>\$ 563,111</u>	<u>\$ 610,605</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-4

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

VOCATIONAL EDUCATION FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 172,699	\$ 178,392	\$ 200,000	\$ (21,608)
Other	4,409	0	0	0
Total Cash Receipts	<u>177,108</u>	<u>178,392</u>	<u>200,000</u>	<u>(21,608)</u>
Expenditures				
Salaries	134,157	138,655	150,000	11,345
Employee Benefits	28,435	29,992	33,000	3,008
Supplies	13,089	9,745	15,000	5,255
Equipment	1,427	0	2,000	2,000
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>177,108</u>	<u>178,392</u>	<u>\$ 200,000</u>	<u>\$ 21,608</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, July 1	<u>0</u>	<u>0</u>		
Unencumbered Cash, June 30	<u>\$ 0</u>	<u>\$ 0</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-5

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

SPECIAL EDUCATION FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 827,038	\$ 703,065	\$ 886,861	\$ (183,796)
Expenditures				
Instruction				
Special Education Co-op	561,799	597,284	628,404	31,120
Purchased Service	0	162	0	(162)
Supplies	138	0	5,000	5,000
Equipment	0	0	5,000	5,000
Transportation				
Salaries	24,763	19,783	30,000	10,217
Employee Benefits	2,234	1,827	3,900	2,073
Purchased Services	2,077	1,422	3,000	1,578
Supplies	12,450	12,398	23,000	10,602
Equipment	0	0	25,000	25,000
Total Expenditures	603,461	632,876	\$ 723,304	\$ 90,428
Receipts Over (Under) Expenditures	223,577	70,189		
Unencumbered Cash, July 1	399,770	623,347		
Unencumbered Cash, June 30	\$ 623,347	\$ 693,536		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-6

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

FOOD SERVICE FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Intergovernmental Receipts				
Federal Aid	\$ 90,958	\$ 101,052	\$ 90,160	\$ 10,892
State Aid	2,618	2,502	2,114	388
Meals	131,160	120,455	114,673	5,782
Other	0	0	0	0
Transfers In	15,000	0	30,000	(30,000)
Total Cash Receipts	<u>239,736</u>	<u>224,009</u>	<u>236,947</u>	<u>(12,938)</u>
Expenditures				
Salaries and Wages	112,229	110,846	120,000	9,154
Employee Benefits	12,782	12,316	19,500	7,184
Food	96,880	89,624	125,000	35,376
Other Purchased Services	779	525	3,000	2,475
Supplies	5,503	5,136	8,500	3,364
Other	0	868	1,000	132
Equipment	729	0	0	0
Operations & Maintenance	1,519	1,953	4,500	2,547
Total Expenditures	<u>230,421</u>	<u>221,268</u>	<u>\$ 281,500</u>	<u>\$ 60,232</u>
Receipts Over (Under) Expenditures	9,315	2,741		
Unencumbered Cash, July 1	<u>64,572</u>	<u>73,887</u>		
Unencumbered Cash, June 30	<u>\$ 73,887</u>	<u>\$ 76,628</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-7

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

DRIVERS EDUCATION FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Intergovernmental Receipts				
State Driver Training	\$ 850	\$ 2,516	\$ 2,800	\$ (284)
Fees	6,052	6,218	7,000	(782)
Transfers In	10,000	10,000	0	10,000
Total Cash Receipts	<u>16,902</u>	<u>18,734</u>	<u>9,800</u>	<u>8,934</u>
Expenditures				
Salaries	6,346	6,641	8,700	2,059
Employee Benefits	601	625	950	325
Supplies	664	1,548	1,200	(348)
Vehicle Maintenance	581	50	800	750
Total Expenditures	<u>8,192</u>	<u>8,864</u>	<u>\$ 11,650</u>	<u>\$ 2,786</u>
Receipts Over (Under) Expenditures	8,710	9,870		
Unencumbered Cash, July 1	<u>29,822</u>	<u>38,532</u>		
Unencumbered Cash, June 30	<u>\$ 38,532</u>	<u>\$ 48,402</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-8

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

STAFF DEVELOPMENT

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Intergovernmental Receipts				
State Aid	\$ 0	\$ 0	\$ 0	\$ 0
Reimbursed Expense	2,373	3,386	3,000	386
Transfers In	40,000	30,000	10,000	20,000
Total Cash Receipts	<u>42,373</u>	<u>33,386</u>	<u>13,000</u>	<u>20,386</u>
Expenditures				
Salaries	3,330	4,950	7,700	2,750
Employee Benefits	310	409	520	111
Purchased Professional Services	175	1,019	3,000	1,981
Other Purchased Services	8,904	8,442	20,000	11,558
Supplies	400	0	1,500	1,500
Total Expenditures	<u>13,119</u>	<u>14,820</u>	<u>\$ 32,720</u>	<u>\$ 17,900</u>
Receipts Over (Under) Expenditures	29,254	18,566		
Unencumbered Cash, July 1	<u>59,489</u>	<u>88,743</u>		
Unencumbered Cash, June 30	<u>\$ 88,743</u>	<u>\$ 107,309</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-9

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

EXTRAORDINARY SCHOOL PROGRAM

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Fees	\$ 10,036	\$ 10,681	\$ 12,000	\$ (1,319)
Transfers In	0	0	0	0
Total Cash Receipts	<u>10,036</u>	<u>10,681</u>	<u>12,000</u>	<u>(1,319)</u>
Expenditures				
Salaries	6,086	7,039	8,000	961
Employee Benefits	472	554	650	96
Supplies	804	1,053	1,000	(53)
Other Purchased Services	0	0	0	0
Total Expenditures	<u>7,362</u>	<u>8,646</u>	<u>\$ 9,650</u>	<u>\$ 1,004</u>
Receipts Over (Under) Expenditures	2,674	2,035		
Unencumbered Cash, July 1	0	2,674		
Unencumbered Cash, June 30	<u>\$ 2,674</u>	<u>\$ 4,709</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-10

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

KPERS RETIREMENT CONTRIBUTIONS

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Intergovernmental Receipts				
State of Kansas	\$ 106,099	\$ 286,390	\$ 245,158	\$ 41,232
Expenditures				
Employee Benefits - Instruction	139,487	119,556	161,833	42,277
Employee Benefits - Student Support	6,340	5,435	7,350	1,915
Employee Benefits - Instructional Support	8,453	7,246	9,800	2,554
Employee Benefits - General Administration	6,340	5,434	7,350	1,916
Employee Benefits - School Administration	19,021	16,303	22,065	5,762
Employee Benefits - Operations & Maint	12,681	10,869	14,710	3,841
Employee Benefits - Student Transportation	10,567	9,057	12,250	3,193
Employee Benefits - Food Service	8,454	7,246	9,800	2,554
Total Expenditures	211,343	181,146	\$ 245,158	\$ 64,012
Receipts Over (Under) Expenditures	(105,244)	105,244		
Unencumbered Cash, July 1	0	(105,244)		
Unencumbered Cash, June 30	\$ (105,244)	\$ 0		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-11

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

AT-RISK (K-12)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Transfer from General Fund	\$ 119,189	\$ 155,868	\$ 170,000	\$ (14,132)
Transfer from Supplemental General	0	0	10,000	(10,000)
Total Cash Receipts	<u>119,189</u>	<u>155,868</u>	<u>180,000</u>	<u>(24,132)</u>
Expenditures				
Instruction				
Certified Salaries	57,671	57,833	79,250	21,417
Non-Certified Salaries	26,859	26,440	45,000	18,560
Employee Benefits	5,991	6,013	14,200	8,187
Professional & Technical Services	175	0	0	0
Other Purchased Services	12,667	11,898	14,000	2,102
Supplies	121	12,251	500	(11,751)
Equipment	0	0	0	0
Student Support				
Certified Salaries	12,097	27,872	25,000	(2,872)
Employee Benefits	3,608	8,596	2,050	(6,546)
Instructional Support				
Other Purchased Services	0	4,965	0	(4,965)
Total Expenditures	<u>119,189</u>	<u>155,868</u>	<u>\$ 180,000</u>	<u>\$ 24,132</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, July 1	0	0		
Unencumbered Cash, June 30	<u>\$ 0</u>	<u>\$ 0</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-12

Statement of Cash Receipts and Expenditures
For the Fiscal Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

STUDENT MATERIALS FUND

	Prior Year Actual	Current Year Actual
Cash Receipts		
Student Receipts	\$ 7,440	\$ 4,152
Expenditures		
Materials	4,794	5,161
Receipts Over (Under) Expenditures	2,646	(1,009)
Unencumbered Cash, July 1	9,474	12,120
Unencumbered Cash, June 30	<u>\$ 12,120</u>	<u>\$ 11,111</u>

TEXTBOOK RENTAL FUND

	Prior Year Actual	Current Year Actual
Cash Receipts		
Student Receipts	\$ 17,736	\$ 17,538
Reimbursed Expense	0	0
Total Cash Receipts	17,736	17,538
Expenditures		
Textbooks	11,253	10,017
Receipts Over (Under) Expenditures	6,483	7,521
Unencumbered Cash, July 1	9,921	16,404
Unencumbered Cash, June 30	<u>\$ 16,404</u>	<u>\$ 23,925</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-13

Statement of Cash Receipts and Expenditures
For the Fiscal Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

SUMMER INSURANCE

	Prior Year Actual	Current Year Actual
Cash Receipts		
Reimbursed Expense	\$ 14,174	\$ 9,230
Expenditures		
Employee Benefits	14,231	9,230
Receipts Over (Under) Expenditures	(57)	0
Unencumbered Cash, July 1	57	0
Unencumbered Cash, June 30	<u>\$ 0</u>	<u>\$ 0</u>

CONTINGENCY RESERVE

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ 0	\$ 0
Expenditures		
Salaries	100,000	100,240
Receipts Over (Under) Expenditures	(100,000)	(100,240)
Unencumbered Cash, July 1	322,177	222,177
Unencumbered Cash, June 30	<u>\$ 222,177</u>	<u>\$ 121,937</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-14

Statement of Cash Receipts and Expenditures
For the Fiscal Year Ended June 30, 2011

	Title I	Title II D Education Technology	Title II A Teacher Quality	Title VI Reap	Other Grants
Cash Receipts					
Intergovernmental	\$ 63,630	\$ 171	\$ 21,412	\$ 34,971	\$ 500
Other	0	0	0	0	16,396
Total Cash Receipts	<u>63,630</u>	<u>171</u>	<u>21,412</u>	<u>34,971</u>	<u>16,896</u>
Expenditures					
Salaries	46,482	158	18,804	0	0
ARRA Expenditures-Salaries	13,190	0	0	0	0
Employee Benefits	3,958	0	0	0	0
Materials & Supplies	0	13	90	0	15,375
Purchased Services	0	0	2,518	0	0
Equipment	0	0	0	34,971	1,200
Total Expenditures	<u>63,630</u>	<u>171</u>	<u>21,412</u>	<u>34,971</u>	<u>16,575</u>
Receipts Over(Under) Expenditures	0	0	0	0	321
Unencumbered Cash, July 1	0	0	0	0	1,553
Unencumbered Cash, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,874</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-15

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

BOND AND INTEREST FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
General Property Taxes	\$ 551,967	\$ 523,023	\$ 513,401	\$ 9,622
Intergovernmental Receipts				
State Aid	43,070	70,991	70,991	0
Other	0	5	0	5
Total Cash Receipts	<u>595,037</u>	<u>594,019</u>	<u>584,392</u>	<u>9,627</u>
Expenditures				
Bond Principal	295,000	320,000	320,000	0
Bond Interest	243,369	226,081	226,082	1
Commission & Fees	3	29	10	(19)
Total Expenditures	<u>538,372</u>	<u>546,110</u>	<u>\$ 546,092</u>	<u>\$ (18)</u>
Receipts Over (Under) Expenditures	56,665	47,909		
Unencumbered Cash, July 1	<u>899,456</u>	<u>956,121</u>		
Unencumbered Cash, June 30	<u>\$ 956,121</u>	<u>\$ 1,004,030</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-16

Statement of Cash Receipts and Expenditures
For the Fiscal Year Ended June 30, 2011

PRIVATE PURPOSE TRUST FUND

	WHS Donations
Cash Receipts	
Donations	\$ 345
Expenditures	
Supplies	25
Scholarship	0
Total Expenditures	<u>25</u>
Receipts Over (Under) Expenditures	320
Unencumbered Cash, July 1	<u>78</u>
Unencumbered Cash, June 30	<u>\$ 398</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 4

Summary of Cash Receipts and Cash Disbursements
For the Fiscal Year Ended June 30, 2011

AGENCY FUNDS

	Beginning Cash Balance	Cash Receipts	Cash Disburse- ments	Ending Cash Balance
Student Organization Accounts				
Wabaunsee High				
Cheerleaders	\$ 0	\$ 9,015	\$ 8,597	\$ 418
Class of 2010	1,721	0	1,595	126
Class of 2011	1,850	446	811	1,485
Class of 2012	1,340	9,818	7,800	3,358
Class of 2013	1,241	2,210	650	2,801
Class of 2014	0	1,732	77	1,655
Faculty	17	2,718	2,629	106
FBLA	314	7,908	7,560	662
FCA	693	1,624	1,225	1,092
FFA	2,755	17,853	19,788	820
FCCLA	418	14,631	14,379	670
Keys	773	852	313	1,312
National Honor Society	623	1,336	1,087	872
Pep Club	477	984	65	1,396
Sadd	0	337	60	277
Student Council	770	1,406	1,374	802
Skills USA	4,879	9,984	9,445	5,418
Tri M	350	60	90	320
Weight Club	115	0	24	91
Total Wabaunsee High	<u>18,336</u>	<u>82,914</u>	<u>77,569</u>	<u>23,681</u>
Maple Hill				
Classes	<u>353</u>	<u>111</u>	<u>267</u>	<u>197</u>
Total Maple Hill	<u>353</u>	<u>111</u>	<u>267</u>	<u>197</u>
Mill Creek Valley Jr. High				
Classes	204	0	0	204
Yearbook	15	1,653	1,595	73
Pep Club	771	361	695	437
Student Teacher	<u>368</u>	<u>0</u>	<u>0</u>	<u>368</u>
Total Mill Creek Jr. High	<u>1,358</u>	<u>2,014</u>	<u>2,290</u>	<u>1,082</u>
Total Student Organization Accounts	<u>\$ 20,047</u>	<u>\$ 85,039</u>	<u>\$ 80,126</u>	<u>\$ 24,960</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 5

Statement of Cash Receipts, Expenditures, and Unencumbered Cash
For the Fiscal Year Ended June 30, 2011

DISTRICT ACTIVITY FUNDS

FUNDS	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts							
Maple Hill Grade	\$ 145	\$ 0	\$ 58	\$ 112	\$ 91	\$ 0	\$ 91
Mill Creek Valley Jr. High	5,178	0	10,310	11,322	4,166	0	4,166
Mill Creek Valley Middle School	515	0	291	116	690	0	690
Wabaunsee High	22,392	0	35,891	39,934	18,349	0	18,349
Total Gate Receipts	28,230	0	46,550	51,484	23,296	0	23,296
School Projects							
Alma Grade School							
Pictures	1,796	0	207	463	1,540	0	1,540
Pop	970	0	604	778	796	0	796
Office	905	0	998	905	998	0	998
Preschool Role Model	392	0	1,800	163	2,029	0	2,029
Preschool Snack	0	0	1,187	600	587	0	587
Maple Hill Grade School							
Book Fair	612	0	395	595	412	0	412
Picture	119	0	398	217	300	0	300
Preschool Role Model	0	0	900	70	830	0	830
Vending Machines	391	0	137	340	188	0	188
Mill Creek Valley Jr. High							
Office	320	0	47	0	367	0	367
Concessions	1,296	0	7,041	6,840	1,497	0	1,497
Copies	188	0	8	0	196	0	196
Pictures	1,704	0	406	146	1,964	0	1,964
Vending Machines	1,827	0	152	12	1,967	0	1,967
Mill Creek Valley Middle School							
Pictures	237	0	607	607	237	0	237
Wabaunsee High School							
ACT Test Prep	20	0	0	0	20	0	20
Close Up Ed Trip	365	0	0	0	365	0	365
Art Lab	0	0	764	764	0	0	0
Ind Art Projects	0	0	2,403	2,403	0	0	0
Office	981	0	2,532	2,798	715	0	715
Concessions	10,420	0	18,999	27,643	1,776	0	1,776
PSAT	0	0	247	247	0	0	0
Music	2,984	0	675	860	2,799	0	2,799
Band Misc	0	0	711	711	0	0	0
Drama	601	0	240	360	481	0	481
Journalism	7,075	0	14,084	13,527	7,632	0	7,632
Forensics	131	0	0	81	50	0	50
Scholars Bowl	0	0	6	0	6	0	6
Spanish Lab	0	0	432	432	0	0	0
Screen Print	3,397	0	10,486	8,813	5,070	0	5,070
Total School Projects	36,731	0	66,466	70,375	32,822	0	32,822
Total District Activity Funds	\$ 64,961	\$ 0	\$ 113,016	\$ 121,859	\$ 56,118	\$ 0	\$ 56,118

The notes to the financial statements are an integral part of this statement.

Unified School District No. 329
Mill Creek Valley
Alma, Kansas

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Unified School District No. 329 was organized in accordance with State Statutes to provide a system of public education to elementary through high school students who reside within the designated District areas. The District operates under a superintendent of schools and a seven member board of education.

In evaluating how to define the School District, for financial reporting purposes, management has considered all potential component units. The basic—but not the only—criterion for including a potential component unit within the reporting entity is financial accountability. The most significant manifestation of the criterion is financial dependence. Other manifestations of the criteria include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. Using this criterion, no financial statements of any other entity are included in the accompanying financial statements.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be recorded in the fund from which the transfer is made.

The District has approved a resolution that is in accordance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the district to use the statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the district are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

Unified School District No. 329
Mill Creek Valley
Alma, Kansas

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 - FUND DESCRIPTIONS

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash, and other financial resources, together with all related expenditures and residual cash balances, and changes within, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the fiscal year ended June 30, 2011.

Governmental Funds

General and Supplemental General Fund--to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds--to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Debt Service Fund--to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Fiduciary Funds

Expendable Trust and Agency Funds--to account for assets held in a trustee capacity or as an agent for individuals, other governmental units, private organizations, and/or other funds. These include Expendable Trust Funds, Non-expendable Trust Funds, and Agency Funds.

NOTE 3 - BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding eighteen month period on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

Unified School District No. 329
Mill Creek Valley
Alma, Kansas

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 3 - BUDGETARY INFORMATION (CONT)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

After the above procedures have been followed; the Kansas State Board of Education computes what the maximum legal general fund budget of operating expenses can be. For the fiscal year ended June 30, 2011, the State calculation of the legal maximum general fund budget was \$3,657,867 and the legal maximum supplemental general fund budget was \$1,218,226. In accordance with Kansas statutes, a district will be penalized state aid equal to the amount expended in excess of the computed statutory limitation plus any qualifying budget credits. The district had \$111,081 of budget credits in the general fund for grants and other miscellaneous reimbursements. The District was within its maximum legal general and supplemental general funds budget authority for the fiscal year ended June 30, 2011.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end. Any unused portion of a prior year encumbrance cannot be used as expenditure authority for any purpose other than the original purchase order or contract. Therefore any unused portion of a prior year encumbrance is canceled and added back as an adjustment to beginning unencumbered cash in Statements 1 and 3.

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds, and the following special revenue funds: Textbook Rental, Student Materials, Summer Insurance, Contingency Reserve, Drug Education, Title I, Title II D Education Technology, Title II A Teacher Quality, Title VI Reap, Grants, and District Activity Funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by use of internal spending limits established by the governing body.

Statements 2 and 3 present budgetary comparison of the actual data on the budgetary basis, which includes encumbrances and transfers with the legally adopted budget. Because of tax levying dates, it is necessary that budget expenditures and revenues be estimated for an additional six month period on its budget which has not been included on Statements 2 and 3.

Unified School District No. 329
Mill Creek Valley
Alma, Kansas

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 3 - BUDGETARY INFORMATION (CONT)

Property taxes are levied by the Kansas Counties in which the School District resides on November 1 and are payable in two installments on December 20 and May 10 of the subsequent year. The Counties collect and distribute in the succeeding year all property taxes collected for the District. Therefore, taxes levied for the District on November 1, 2010 will be distributed to the District by the County during 2011.

NOTE 4 - DEPOSITS AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds. The District held no investments during the year, only deposits with allowable financial institutions. All interest earned during the year on idle funds of the governmental fund types was credited to the capital outlay fund as allowed by Kansas statutes.

K.S.A. 9-1401 establishes the depositories which may be used by the Government. The statute requires banks eligible to hold the Government's funds have a main or branch bank in the county in which the Government is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Government has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Government's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Government has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may not be returned to it. State statutes require the Government's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The Government has no designated "peak period". All deposits were legally secured at June 30, 2011.

At June 30, 2011, the carrying amount of the district's deposits, including certificates of deposits, was \$2,570,089 and the bank balance was \$2,905,366. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$350,858 was covered by F.D.I.C. and the remaining \$2,554,508 was collateralized with securities held by the pledging financial institution's agents in the District's name.

Unified School District No. 329
Mill Creek Valley
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 5 – RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destructions of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Insurance claims have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in prior years.

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Plan Description - USD 329, Mill Creek Valley, Alma, Kansas participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy - K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% or 6% of covered salary, depending on employee eligibility dates. Member-employee's contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas contributed 9.17% of covered payroll for the period 7/1/10 to 6/30/11 and currently contributes 9.77% of covered payroll for the period 7/1/11 to 6/30/12. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2011, 2010, and 2009 were \$253,834,044, \$248,468,186, and \$242,277,363 respectively, equal to the required contributions for each year.

Section 125 Cafeteria Plan

U.S.D. 329 maintains an Internal Revenue Code Section 125 plan "cafeteria plan". The amount of salary to be reduced shall not exceed the sum authorized by the internal Revenue Code. U.S.D. 329 contributes up to \$500 per month for certified personnel. For all other employees, the benefit is prorated. Employees must designate his/her entire allocation into any combination of health insurance, term life insurance, salary protection insurance, cancer insurance, and child care and/or medical reimbursement.

NOTE 7 - COMPENSATED ABSENCES AND FRINGE BENEFITS FOR FULL TIME EMPLOYEES

Vacation and Sick Leave

U.S.D. 329 provides vacation leave for the superintendent, clerk, secretary/ treasurer, district maintenance/ transportation supervisor, technology director, and all full-time custodians. Each entitled employee receives two weeks per year. After five years of employment, the clerk, secretary/treasurer, district maintenance/ transportation supervisor and full-time custodians receive twelve days per year. After ten years, these employees receive fifteen days per year. Unused vacation leave may be carried over to the next year, but cannot accrue longer than eighteen months. Beginning with the 2011-2012 school year, no vacation may be

Unified School District No. 329
Mill Creek Valley
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 7 - COMPENSATED ABSENCES AND FRINGE BENEFITS FOR FULL TIME EMPLOYEES (CONT)

Vacation and Sick Leave (cont)
accrued to exceed 30 days.

Sick leave is provided for most District employees. Certified employees receive twelve days of sick leave annually and can carryover up to eighty days. Upon separation of service, teachers who retire with KPERS benefits are reimbursed at the current rate of payment per day for substitute teachers for any unused sick leave. Teachers who worked at least ten years within the district receive sick leave pay, but only for hours accumulated after 6/1/94. At the end of each school year, teachers will be paid \$25 for each day of accumulated sick leave beyond 80. The board clerk, secretary/ treasurer, district maintenance/transportation supervisor, technology director and full-time custodians receive twelve days of sick leave annually and can accumulate fifty-five days. Bus drivers receive six days per year and can accumulate twenty-five days. Attendance center secretaries receive ten days per year and can accumulate forty-five days. Full time cooks and aides receive nine days per year and can accumulate thirty-five days. Other part-time hourly employees receive sick leave according to the number of hours they work. No estimate has been made of the total amounts of accumulated leave nor has any amount been reported or disclosed in these financial statements.

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the district is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

NOTE 9 – TERMINATION BENEFITS

The District provides an early retirement program for certain eligible certified personnel. Eligibility requirements and benefit amounts are described more fully in the District's negotiated agreement. The early retirement program allows eligible employees in the district to retire early with additional benefits as a measure of appreciation for their services to the district. Payments to retired employees under the plan are paid as employer contributions into a board approved Internal Revenue Code Section 403(b) plan. Early retirement payments totaled \$5,500 for the year ended June 30, 2011. These benefits are financed by the District on a pay-as-you-go basis. An estimate has not been made of the total amount of post employment benefits of the District or reported in the financial statements.

Unified School District No. 329
Mill Creek Valley
Alma, Kansas

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 10 - INTERFUND TRANSFERS

Transfers between budgetary funds are for the purpose of shifting resources from the fund legally required to receive the revenue to the fund authorized to expend the revenues. Operating transfers during the fiscal year ended June 30, 2011 consisted of the following:

Transfer From	Transfer To	Statutory Authority	Amount
General	Capital Outlay	72-6428	\$210,000
General	Special Education	72-6428	528,246
General	At-Risk (K-12)	72-6428	155,868
Supplemental General	Vocational Education	72-6433	178,392
Supplemental General	Staff Development	72-6433	30,000
Supplemental General	Special Education	72-6433	174,819
Supplemental General	Drivers Training	72-6433	10,000

NOTE 11 - LONG-TERM DEBT

General Obligation Bonds

On January 23, 2001, the District issued \$6,900,000 in General Obligation Bonds used to pay a portion of the cost to remodel and make capital improvements to all the attendance centers in USD No. 329. The District began making interest payments on March 1, 2002 and made its first principal payment on September 1, 2003.

On April 27, 2007, the District issued \$5,305,000 in General Obligation Bonds with an average interest rate of 4.13% to advance refund \$5,145,000 of the above Series 2001 outstanding bonds. The District began making principal and interest payments on September 1, 2007 and will continue making semi annual principal and interest payments through September 1, 2021.

Lease Agreement

The district entered into a lease-purchase agreement with Apple Computer, effective June 15, 2007, for the purchase of computer equipment. One annual payment of \$23,075 was made on June 15, 2007. On May 15, 2008, the lease-purchase agreement was amended for the purchase of additional computer equipment. The amended payment schedule calls for four annual payments of \$36,415 beginning on June 15, 2008 and ending on June 15, 2011. The final payment was made on May 9, 2011.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 11 - LONG-TERM DEBT (CONT)

Changes in long-term liabilities for the District for the year ended June 30, 2011, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds:										
Series 2001	4.45-6.5%	1/23/2001	\$ 6,900,000	9/1/21	\$ 295,000	\$ 0	\$ 295,000	\$ 0	\$ 0	\$ 8,481
Series 2007	4-5%	4/27/2001	5,305,000	9/1/21	5,220,000	0	25,000	0	5,195,000	217,600
Capital Leases Payable:										
Apple Inc.	6.328%	6/15/2007	89,750	6/15/11	34,775	0	34,775	0	-	1,640
Total long-term debt					<u>\$ 5,549,775</u>	<u>\$ 0</u>	<u>\$ 354,775</u>	<u>\$ 0</u>	<u>\$ 5,195,000</u>	<u>\$ 227,721</u>

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017-2021</u>	<u>2022-2026</u>	<u>Total</u>
PRINCIPAL								
General Obligation Bonds	\$ 340,000	\$ 370,000	\$ 400,000	\$ 420,000	\$ 445,000	\$ 2,750,000	\$ 470,000	\$ 5,195,000
Capital Leases Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total principal	<u>340,000</u>	<u>370,000</u>	<u>400,000</u>	<u>420,000</u>	<u>445,000</u>	<u>2,750,000</u>	<u>470,000</u>	<u>5,195,000</u>
INTEREST								
General Obligation Bonds	210,300	196,100	180,700	164,300	144,775	384,625	9,400	1,290,200
Capital Leases Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total interest	<u>210,300</u>	<u>196,100</u>	<u>180,700</u>	<u>164,300</u>	<u>144,775</u>	<u>384,625</u>	<u>9,400</u>	<u>1,290,200</u>
Total Principal and Interest	<u>\$ 550,300</u>	<u>\$ 566,100</u>	<u>\$ 580,700</u>	<u>\$ 584,300</u>	<u>\$ 589,775</u>	<u>\$ 3,134,625</u>	<u>\$ 479,400</u>	<u>\$ 6,485,200</u>

Unified School District No. 329
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 12 - 2010 FINANCIAL DATA

The amounts shown for 2010 in the accompanying financial statements are included, where practicable, only to provide a basis for comparison with 2011, and are not intended to present all information necessary for a fair presentation.

NOTE 13 - COMPLIANCE WITH KANSAS STATUTES

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports, Department of Education, and interpretation by the County Attorney and legal representatives of the municipality.

The General Fund showed a negative unencumbered cash balance of (\$257,656) for the year ended June 30, 2011. K.S.A. 10-1116A (or 10-1116) provides that under certain situations, funds can end the year with a negative unencumbered cash balance and are therefore, exempt from the cash basis law of the State of Kansas. This fund is not deemed to be in violation of the Kansas cash basis law.

Management is not aware of any other statutory violations for the period covered by this audit.

Unified School District No. 329
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 13- COMPLIANCE WITH KANSAS STATUTES (CONT)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) require the school district to record any payment of state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by these education statutes for the General, Supplemental General and KPERS Retirement Funds for the year ended June 30, 2011:

Unified School District No. 329
Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2011

GENERAL FUND			
	Statutory Transactions	Budget	Variance Favorable (Unfavorable)
Statutory Revenues			
General Property Taxes	\$ 609,723	\$ 587,757	21,966
State Equalization Aid	2,343,029	2,637,610	(294,581)
State Special Education Aid	528,246	593,154	(64,908)
ARRA Stabilization Funds	64,293	64,293	0
Education Jobs Funds	112,576	0	112,576
Daycare	111,081	0	111,081
Miscellaneous	0	0	0
Total Statutory Revenues	<u>3,768,948</u>	<u>3,882,814</u>	<u>(113,866)</u>
Expenditures			
Instruction	1,622,358	1,815,960	193,602
Student Support	28,704	57,500	28,796
Instructional Support	94,812	104,000	9,188
General Administration	196,010	212,500	16,490
School Administration	343,010	349,100	6,090
Central Services	10,360	120,000	109,640
Operation and Maintenance	304,890	261,300	(43,590)
Student Transportation	154,907	159,300	4,393
Day Care	119,783	0	(119,783)
Fund Transfers	894,114	803,154	(90,960)
Adjustment to Comply with Legal Max	0	(224,947)	(224,947)
Legal General Fund Budget	3,768,948	3,657,867	(111,081)
Adjustments for Qualifying Budget Credits	0	111,081	111,081
Total Expenditures	<u>3,768,948</u>	<u>\$ 3,768,948</u>	<u>\$ 0</u>
Revenue Over (Under) Expenditures	0		
Modified Unencumbered Cash, July 1, 2010	0		
Modified Unencumbered Cash, June 30, 2011	<u>\$ 0</u>		

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 13 - COMPLIANCE WITH KANSAS STATUTES (CONT)

Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d) (Cont)

Unified School District No. 329
Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2011

SUPPLEMENTAL GENERAL FUND

	Statutory Transactions	Budget	Variance Favorable (Unfavorable)
Statutory Revenues			
General Property Taxes	\$ 898,743	\$ 860,706	\$ 38,037
State Equalization Aid	335,693	346,019	(10,326)
ARRA Stabilization Funds	0	0	0
Reimbursements	0	0	0
Total Statutory Revenues	<u>1,234,436</u>	<u>1,206,725</u>	<u>27,711</u>
Expenditures			
Technology	388,457	232,000	(156,457)
Student Support	1,740	0	(1,740)
Instructional Support	2,735	4,500	1,765
General Administrative	58,509	53,500	(5,009)
School Administration	17,037	19,400	2,363
Operations & Maintenance	247,770	308,500	60,730
Student Transportation	108,767	130,000	21,233
Fund Transfers	393,211	503,707	110,496
Adjustment to Comply with Legal Max	0	(33,381)	(33,381)
Total Expenditures	<u>1,218,226</u>	<u>\$ 1,218,226</u>	<u>\$ 0</u>
Revenue Over (Under) Expenditures	16,210		
Modified Unencumbered Cash, July 1, 2010	<u>44,882</u>		
Modified Unencumbered Cash, June 30, 2011	<u>\$ 61,092</u>		

Unified School District No. 329
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 13 - COMPLIANCE WITH KANSAS STATUTES (CONT)

Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d) (Cont)

Unified School District No. 329
Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2011

KPERS RETIREMENT CONTRIBUTIONS

	Statutory Transactions	Budget	Variance Favorable (Unfavorable)
Statutory Revenues			
Intergovernmental Receipts			\$ 0
State of Kansas	\$ 181,146	\$ 245,158	(64,012)
Total Statutory Revenues	<u>181,146</u>	<u>245,158</u>	<u>(64,012)</u>
Expenditures			
Employee Benefits - Instruction	119,556	161,833	42,277
Employee Benefits - Student Support	5,435	7,350	1,915
Employee Benefits - Instructional Support	7,246	9,800	2,554
Employee Benefits - General Administration	5,434	7,350	1,916
Employee Benefits - School Administration	16,303	22,065	5,762
Employee Benefits - Operations & Maint	10,869	14,710	3,841
Employee Benefits - Student Transportation	9,057	12,250	3,193
Employee Benefits - Food Service	7,246	9,800	2,554
Total Expenditures	<u>181,146</u>	<u>\$ 245,158</u>	<u>\$ 64,012</u>
Revenue Over (Under) Expenditures	0		
Modified Unencumbered Cash, July 1, 2010	0		
Modified Unencumbered Cash, June 30, 2011	<u>\$ 0</u>		